

OPEN MEETING AGENDA ITEM



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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

SUSAN BITTER SMITH, CHAIRMAN
BOB STUMP
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DOUG LITTLE
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ARIZONA CORPORATION COMMISSION
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Arizona Corporation Commission

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IN THE MATTER OF THE REORGANIZATION) DOCKET NO. E-04230A-14-0011
OF UNS ENERGY CORPORATION) DOCKET NO. E-01933A-14-0011
)
) **NOTICE OF FILING COMPLIANCE**
) **REGARDING EXISTING WAIVERS**
) **AND CONDITIONS**
)

UNS Energy Corporation ("UNS Energy"), Tucson Electric Power Company ("TEP"), UNS Electric, Inc. ("UNSE") and UNS Gas, Inc. ("UNSG") (collectively, "Companies"), through undersigned counsel, in compliance with Decision No. 74689 (August 12, 2014), hereby submit a list of: (i) existing waivers of Commission Rules currently in effect for UNS Energy, TEP, UNSE and UNSG and (ii) existing conditions imposed on UNS Energy, TEP, UNSE and UNSG as a result of Commission Orders. This submission also sets forth the Companies' position as to whether those waivers and conditions are necessary and in the public interest.

I. Introduction

The Companies conducted a comprehensive review of all of their waivers and compliance conditions. Based on this review, the Companies have identified the few waivers of Commission rules that are still in effect after the Commission's most recent review of rule waivers for the Companies in Decision No. 71256 (September 3, 2009). However, the Companies do not address waivers of the Renewable Energy Standard and Tariff Rules (A.A.C. R14-2-1801 et seq.), the Electric Energy Efficiency Rules (A.A.C. R14-2-2401 et seq.) and the Gas Energy Efficiency Rules (A.A.C. 14-2501 et seq.). The Companies believe that any waivers from these rules can be reviewed on an annual basis as part of the annual implementation plan process.

1 The Companies also address conditions set forth in Commission orders that create existing
2 ongoing compliance obligations, typically on an annual basis. However, there are certain existing
3 conditions that the Companies do not see a need to address in this filing. First, the Companies do
4 not address one-time conditions in recent orders that have not yet been met because they are not yet
5 due. Second, the Companies do not address conditions in orders regarding Renewable Energy
6 Standard Implementation Plans, Energy Efficiency Implementation Plans, Integrated Resource
7 Plans, Biennial Transmission, Purchased Power and Fuel Adjustment Clauses (PPFAC), Purchased
8 Gas Adjustors (PGA) or other adjustors (such as TEP's Environmental Compliance Adjustor or
9 UNSE's Transmission Cost Adjustor). In almost all of these circumstances, the Companies file
10 regular applications or updates (usually annually or biennially) that can result in modification of
11 conditions as appropriate. Third, the Companies do not address line siting conditions. Many of the
12 line siting conditions are standard form conditions or are conditions that could involve a return to the
13 Line Siting Committee to modify. In all of these instances, the Companies do not believe it is
14 necessary to recommend modifications or elimination of conditions given the context of the
15 conditions at this time.¹

16 **II. Existing Waivers of Commission Rules.**

17 The Companies currently have very limited waivers of the Commission existing rules that are
18 currently in effect.

19 **A. TEP**

20 The Commission addressed certain of TEP's rule waivers in Decision No. 71256 (September
21 3, 2009). In Decision No. 71256, the Commission continued waivers of A.A.C. R14-2-805.A.9, .10
22 and .11. These subsections of Rule 805 cover the filing of contracts for goods and services between
23 TEP and its affiliates as part of TEP's annual filing regarding Diversification Activities and Plans.
24 In continuing the waiver of these provisions, the Commission agreed that, because the contracts
25 would be submitted as part of a rate case, the waiver appropriately relieved TEP "from the

26 ¹ If the Commission believes that the Companies should also address ongoing conditions concerning these
27 areas, the Companies will supplement this filing as requested.

1 burdensome filing requirements that do not materially or effectively advance the goals of
2 Commission oversight.” In the five years since Decision No. 71256, the waiver has not created any
3 issue with Commission oversight. The documents at issue were available during TEP’s most recent
4 rate case. TEP believes that the waiver of the burdensome and unnecessary rule requirement should
5 be continued.

6 TEP does not have any other rule waivers other than those set forth in Decision No. 71256.

7 **B. UNS Electric**

8 UNS Electric does not have any existing waivers of Commission rules.

9 **C. UNS Gas**

10 UNS Gas does not have any existing waivers of Commission rules.

11 **III. Existing Conditions for which Companies do not Seek Relief.**

12 Pursuant to the Commission’s requirement, the Companies have conducted an extensive
13 review of the Companies’ compliance obligations, including review of the Companies’ own
14 compliance data base, review of the compliance data base of the Commission’s Compliance Section
15 and review of various orders on eDocket.

16 Attached as Exhibit A is a list of the conditions to which the Companies are subject on an
17 ongoing basis.² At this point, the Companies believe that the conditions in Exhibit A remain
18 appropriate and continue to be in the public interest. Therefore, the Companies are not seeking
19 herein relief from any of the conditions. If, however, after reviewing this filing, the Commission
20 determines that any compliance condition could be eliminated, the Companies would support such
21 determination.

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23
24
25 ² As noted above, Exhibit A does not address conditions in orders regarding Renewable Energy Standard
26 Implementation Plans, Energy Efficiency Implementation Plans, Integrated Resource Plans, Biennial
27 Transmission, Purchased Power and Fuel Adjustment Clauses (PPFAC), Purchased Gas Adjustors (PGA),
other adjustors (such as TEP’s Environmental Compliance Adjustor or UNSE’s Transmission Cost Adjustor)
or line siting. With these exclusions, Exhibit A includes five pages of pertinent conditions. Had Exhibit A
addressed all conditions, it would have been over 60 pages long.

1 To the extent that, in the future, the Companies desire to eliminate one or more of these
2 ongoing compliance obligations, the affected Company will file a specific application that will
3 address the condition(s) at issue or request such relief in a rate application.
4


5 **IV. Conclusion**

6 On the basis of the foregoing, the Companies believe that no modification to ongoing
7 compliance obligations, as addressed herein, is needed at this time.
8

9 RESPECTFULLY SUBMITTED this 29th day of January, 2015
10

11 UNS ENERGY CORPORATION
12 TUCSON ELECTRIC POWER COMPANY
13 UNS ELECTRIC, INC.
14 UNS GAS, INC.

15 By


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1 Original and 13 copies of the foregoing
2 filed this 29th day of January, 2015 with:

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7 Copy of the foregoing hand-delivered/mailed
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Exhibit-A

List of Waivers and Conditions
Prior to Decision No. 74689 (August 12, 2014)

Tucson Electric Power Company
UNS Gas, Inc.
UNS Electric, Inc.

(Submitted in compliance with Decision No. 74689)

Utility	Docket	Decision	Conditions
UNSE UNSG	13-0447	74865 (12/18/2014)	<p>IT IS FURTHER ORDERED that in the event either UNS Electric, Inc.'s or UNS Gas, Inc.'s equity ratio falls below 40 percent of total capitalization, the affected entity shall file an equity improvement plan with the Commission within 60 days.</p> <p>IT IS FURTHER ORDERED that for purposes of this Order, any future changes in GAAP that have the effect of lowering either UNS Electric, Inc.'s or UNS Gas, Inc.'s equity will be exempt from the equity and interest coverage tests until the Commission makes a determination, and the affected company shall make a filing with the Commission requesting such a determination within 60 days following the end of the fiscal quarter in which the GAAP change occurs.</p> <p>IT IS FURTHER ORDERED that UNS Electric, Inc. and UNS Gas, Inc. shall file with Docket Control, as a compliance item in this docket, a notice confirming that the execution of any financing transaction authorized herein, within 60 days of the execution, which notice shall contain certification by an authorized officer that the terms of the financing fully comply with the authorizations granted herein</p>
UNSE	12-0504	74744 (09/15/2014)	<p>IT IS FURTHER ORDERED that customers be offered a three month trial period in which to test the efficacy of the Super Peak TOU Tariff, based on the customer's consumption patterns.</p>

TEP = Tucson Electric Power Company UNSE = UNS Electric, Inc. UNSG = UNS Gas, Inc.

Utility	Docket	Decision	Conditions
UNSE	14-0127	74566 (06/20/2014)	<p>IT IS FURTHER ORDERED that UNS Gas, Inc. and UNS Electric, Inc. improve their targeted outreach as discussed herein, including an emphasis on community outreach events and working with various agencies to enhance awareness and enrollment.</p> <p>IT IS FURTHER ORDERED that information on the CARES programs be provided to new UNS Gas, Inc. and UNS Electric, Inc. customers.</p> <p>IT IS FURTHER ORDERED that UNS Gas, Inc. and UNS Electric, Inc. provide information concerning the CARES programs to UNS Gas, Inc. and UNS Electric, Inc. customers the first time customers are significantly late in paying their utility bills.</p> <p>IT IS FURTHER ORDERED that any money saved on television, print and radio advertisements, or from reducing the frequency of bill inserts, be retained in the CARES program.</p> <p>IT IS FURTHER ORDERED that current reporting on the CARES programs continue and that UNS Electric, Inc. and UNS Gas, Inc. indicate in the cover letter the average increase or decrease in participation during the six-month reporting period.</p>
UNSE	12-0504	74235 (12/31/2013)	<p>Approving Settlement Agreement provision (Attachment I) that requires UNSE to:</p> <p>File a consolidated CARES report by January 30 and July 30 each year</p> <p>File a consolidated report by February 15 annually regarding results for TOU tariffs.</p>
UNSG	11-0158	73936 (06/27/2013)	<p>IT IS FURTHER ORDERED that in its next rate case filing, UNS Gas, Inc. shall include testimony concerning its consideration of alternate rate designs, including but not limited to inclining tiered rates, that would encourage conservation, and a comprehensive cost/benefit analysis of its Negotiated Sales Program.</p>

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Utility	Docket	Decision	Conditions
TEP	12-0176	73658 (2/6/2013)	<p>IT IS FURTHER ORDERED that the issuance of long-term indebtedness under the authority set forth above (other than in the case of refinancing long-term indebtedness) is conditioned upon: (i) Tucson Electric Power Company having equity equal to at least the following percentages of its total capital by year: 2013, 30 percent; 2014, 32 percent; 2015, 34 percent; and 2016, 39 percent and a cash coverage ratio of at least 1.75. In future financing approvals for Tucson Electric Power Company, the Commission may require Tucson Electric Power Company's equity to be 40 percent or greater</p> <p>IT IS FURTHER ORDERED that Tucson Electric Power Company shall not enter into any agreement/contract for any financial derivative security or similar instrument other than those authorized by the Commission, and the execution by Tucson Electric Power Company of any such transaction may be grounds for summary revocation by the Commission of the general authorization to issue long-term indebtedness authorized in this proceeding. (This provision is not intended to place any restriction on hedging activities pertaining to energy procurement)</p> <p>IT IS FURTHER ORDERED that Tucson Electric Power Company shall not enter into the interest hedging program as proposed by Tucson Electric Power Company in its Financing Application.</p> <p>IT IS FURTHER ORDERED that Tucson Electric Power Company shall not enter into any floating-for-fixed interest rate swap agreements (i.e., pay floating rate and receive fixed rate) that have the economic effect of converting fixed cost long-term debt to floating/variable cost debt.</p> <p>IT IS FURTHER ORDERED that any authorization granted Tucson Electric Power Company to engage in financial derivative securities or similar contracts to manage interest rate risk and/or exposure should specifically exclude use of such authorization for speculative purposes.</p> <p>IT IS FURTHER ORDERED that within 90 days of the completion of any financing transaction under the authority set forth herein, Tucson Electric Power Company shall make a compliance filing with the Commission's Docket Control in which Tucson Electric Power Company shall provide copies of a summary of the transaction and provide a description of the business rationale for such financing or refinancing, including a demonstration that the rates and terms received by Tucson Electric Power Company were fair and reasonable under prevailing market conditions and provide to the Commission's Utilities Division Compliance Section a copy of the relevant agreements.</p>
UNSE	12-0174	73583 (11/11/2012)	IT IS FURTHER ORDERED that UNS Electric should provide an annual filing by April 1 of each calendar year, until further Commission order, summarizing subscription and savings of its TOU customers on the LGS TOU-S and SGS TOU-S rates.
UNSE	09-0206	71914 (09/30/2010)	IT IS FURTHER ORDERED that UNS Electric, Inc. shall comply with the Staff recommendations on engineering issues.

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Utility	Docket	Decision	Conditions
UNSG	08-0571	71623 (04/14/2010)	IT IS FURTHER ORDERED that UNS Gas, Inc., shall continue to promote the existence of the Warm Spirits program and strive to find additional ways that give customers the ability to make voluntary contributions to the program.
TEP	07-0402	71256 (09/03/2009)	IT IS FURTHER ORDERED that the waiver granted in Decision No. 62103 and the 1999 Settlement Agreement of the Cost Containment Reports required by Decision No. 59594 shall be eliminated and Tucson Electric Power Company shall resume filing the Cost Containment Reports required by Decision No. 59594 until further Order of the Commission.
UNSG	07-0696	70186 (02/27/2008)	<p>IT IS THEREFORE ORDERED that the sales and transportation agreements between UNS Gas and UED, subject to the conditions in Findings of Fact Nos. 33-40, be and hereby are approved.</p> <p>[FINDINGS OF FACT 33 TO 40 STATE (in pertinent part):</p> <p>33. Staff has recommended approval of the transportation and sales agreements between UNS Gas and UED [now UNSE as successor in interest to UED with respect to the agreement], subject to the conditions identified below.</p> <p>36. Staff has further recommended that UNS Gas make a filing with Docket Control in this docket whenever the allocation of capital costs between UNS Gas and UED [now UNSE as successor in interest to UED with respect to the agreement], or any successor companies is changed, within 10 days of the effective date of the new allocation.</p> <p>39. Staff has further recommended that under the sales agreement the margin split between UNS Gas core customers and Unisource shareholders be set at a 75/25 split with 75 percent going to the core customers.</p>
TEP	06-0801	69823 (08/28/2007)	<p>IT IS FURTHER ORDERED that Tucson Electric Power Company, ASARCO LLC and Silver Bell Mining LLC, shall submit a subsequent agreement for electric service between Tucson Electric Power Company, ASARCO LLC and Silver Bell Mining, LLC for Commission approval at least 120 days prior to the expiration of the contract approved herein.</p> <p>IT IS FURTHER ORDERED if Tucson Electric Power Company, ASARCO LLC and Silver Bell Mining, LLC are unable to agree upon terms of a subsequent agreement for electric service, Tucson Electric Power Company shall make a filing with the Commission describing the circumstances surrounding attempts to negotiate an agreement. The rates applicable under the agreement for electric service approved herein shall remain in effect until further order of the Commission.</p>

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Utility	Docket	Decision	Conditions
UNSG	06-0627	69333 (02/20/2007)	<p>IT IS THEREFORE ORDERED that UNS' cost recovery of reservation charges, volumetric charges, fuel charges, and applicable surcharges related to the Phoenix Expansion Project pipeline capacity at issue in this proceeding be and hereby is pre-approved, subject to conditions identified in Finding of Fact Number 12.</p> <p>[FINDING OF FACT NO. 12 STATES (in pertinent part):</p> <p>12. The Staff Report recommends adoption of the following conditions:</p> <p>...</p> <ul style="list-style-type: none"> • UNS shall file a notice with the Commission if at any time either UNS or Transwestern exercises termination rights pursuant to the precedent agreement or if any other events significantly impact UNS' participation in the Transwestern project, within ten days of any such action. <p>IT IS FURTHER ORDERED that TEP file a report as described in Findings of Fact No. 16. [Finding of Fact 16. Staff has further recommended that TEP file a detailed curtailment report which identifies the number of customers affected, the time frames of the outages, the outage boundaries and the number of MW curtailed. The report should be filed with the Commission through the Compliance Section of the Utilities Division the next business day after a curtailment has occurred.]</p> <p>IT IS FURTHER ORDERED that TEP file with the Director of Utilities Division a updated electric load curtailment plan on an annual basis by March 31.</p>
TEP	03-0366	66034 (07/03/2003)	
TEP UNSE UNSG	02-0914	66028 (07/03/2003)	<p><u>Conditions in settlement agreement approved by Decision No. 66028</u></p> <p>Maintaining Field Offices. UniSource shall continue to maintain fully operational current local field offices in the NAGD and SCGD service territories, as appropriate, to maintain the quality of service and ensure pipeline safety.</p>
TEP	00-0403	64180 (10/30/2001)	<p>As part of the annual or semi-annual report required by R14-2-1613, file a report that indicates whether the customer has obtained a first or final bill on an estimated read or is an hourly metered direct-access customer who has received a bill based on an estimated read and the reason why an actual read could not be obtained.</p>